

# **State of Alaska FY2007 Governor's Operating Budget**

## **Department of Health and Social Services Behavioral Health Medicaid Services Component Budget Summary**

## Component: Behavioral Health Medicaid Services

### Contribution to Department's Mission

The mission of the Behavioral Health Medicaid Services component is to maintain availability of behavioral health services to individuals with a mental disorder or illness and/or a substance abuse disorder.

### Core Services

Funds support mental health treatment and substance abuse intervention and treatment services for Medicaid eligible youth and adults.

The Medicaid program is a jointly funded, cooperative entitlement program between federal and state governments to assist in the provision of adequate and competent medical care to eligible needy persons. The State Children's Health Insurance Program (SCHIP), operated through Denali KidCare, is an expansion of Medicaid which provides health insurance for uninsured children whose families earn too much to qualify for Medicaid, but not enough to afford private coverage.

Mental Health Clinic Services are provided to children and adults who have been identified through an assessment as emotionally disturbed. Behavioral health clinic services include crisis intervention; family, individual, or group psychotherapy; intake and psychiatric assessment; psychological testing and medication management. Clinic services are provided by state-approved outpatient community mental health clinics and mental health physician clinics.

Mental Health Rehabilitation Services are provided to children and adults identified through an assessment as a severely emotionally disturbed child, or as a severely emotionally disturbed or chronically mentally ill adult. Mental health rehabilitation services when provided in combination with other services are expected to reasonably increase the recipient's ability to function in their home, school, or community. Services include evaluation; individual, family and group skill development; recipient support services; medication administration and case management. Mental health rehabilitation services are provided by state-approved outpatient community mental health clinics.

Substance Abuse Rehabilitation Services are provided to recipients with an identified need for substance abuse services. Substance abuse services include assessment and diagnosis; outpatient services or intensive outpatient services consisting of counseling, care coordination and rehabilitation treatment; intermediate services provided to patients requiring a structured residential program; medical services directly related to substance abuse; and detoxification. Substance abuse rehabilitation services are provided by state-approved programs.

Behavioral Rehabilitation Services are intervention and stabilization services provided to severely emotionally disturbed children to help them acquire essential coping skills and to remediate debilitating psycho-social, emotional and behavioral disorders. Services include crisis counseling, milieu therapy, supportive counseling, skills training, and case management. Services may be provided in residential care, therapeutic foster care, or therapeutic group home settings that are state-approved.

Inpatient Psychiatric Facility Services are provided to severely emotionally disturbed children under 21 years of age in an inpatient psychiatric hospital facility or a residential psychiatric treatment center. Services must be based on the recommendation of an interdisciplinary team, prior authorized by the department, and provided under the direction of a psychiatrist.

### FY2007 Resources Allocated to Achieve Results

**FY2007 Component Budget: \$155,204,600**

**Personnel:**

Full time	0
Part time	0
<b>Total</b>	<b>0</b>

### Key Component Challenges

RPTC Growth:

One of the high Medicaid cost categories is providing services to severely emotionally disturbed youth who are sent to out-of-state residential psychiatric treatment centers (RPTC). Initial analysis indicates that children are being sent out of state due to complex treatment needs that are not available locally, limited community-based options, or an insufficient number of in-state RPTC beds. Additionally, the young people frequently remain in out-of-state residential facilities longer than those served in state because it is difficult to develop a plan to bring them home to lower levels of care. Efforts in FY07 will focus on working with the provider community to increase the number of available beds in state, improving community-based options, and setting up systems that facilitate the step down in service intensity when clinically appropriate. As a result of children remaining in state, families will be able to participate to a greater extent in their child's recovery and the need for future services will be reduced.

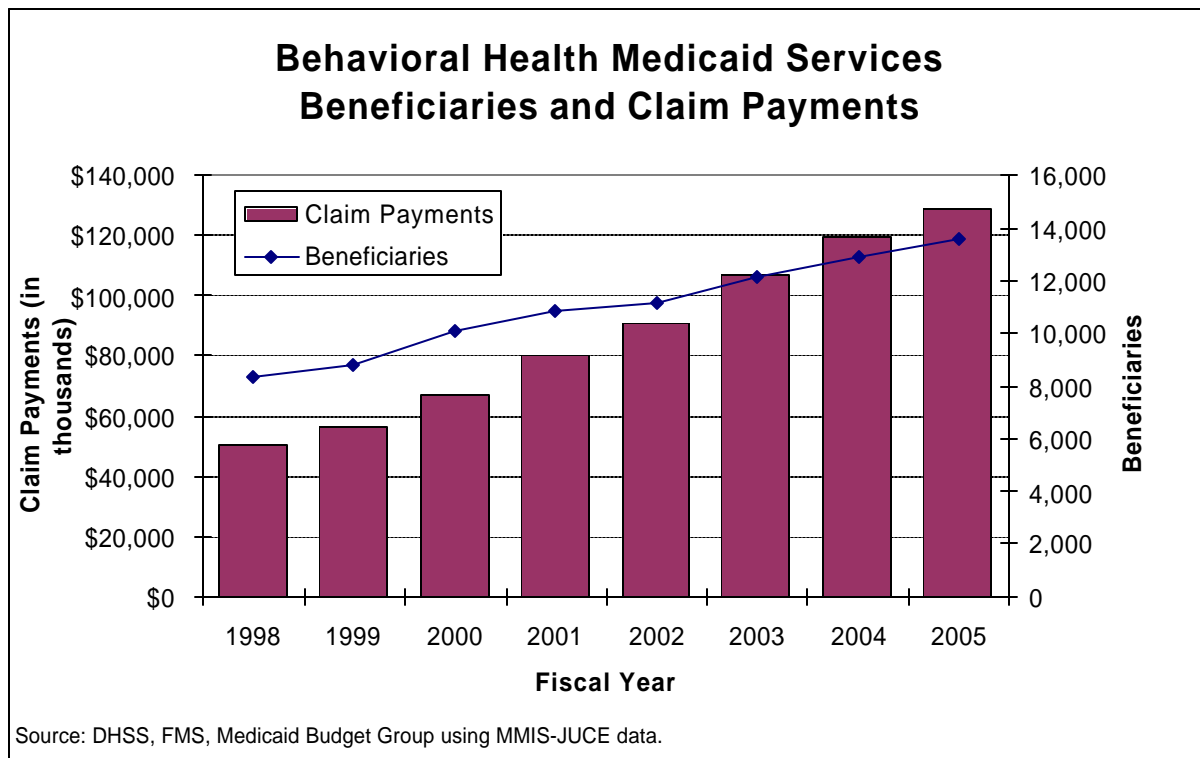
Medicaid Financing:

A prospective challenge for all Medicaid programs is the potential reduction of Alaska's Federal Authorized Medicaid Percentage (FMAP) from 57.58% to 51.07% in FFY07. Such a drop would significantly increase Alaska's share of the cost of Medicaid. However, there is currently legislation in Congress that would hold Alaska harmless for two years (FY06 & FY07). If passed, the Alaska FMAP would remain at the 57.58% rate.

The Division's response to the challenge of cost containment in the face of rapid service utilization, growth, and the continuous increasing cost of delivering services is ongoing. The Division actively pursues opportunities to lower the state share of costs while maintaining benefits. One strategy is working with the "638" Native health care providers to ensure that the maximum numbers of Medicaid eligible Native individuals are served by the "638s" and thus eligible for 100% federal reimbursement for the services they deliver. This will allow the Division to maintain funding for services to non-Natives to the greatest extent possible.

### Significant Changes in Results to be Delivered in FY2007

- Expenditures in FY07 for Behavioral Health Medicaid Services are projected to grow \$9.6 million (\$6.6M Federal/\$2.9M GF), a 9% increase from FY06 to FY07. While the department anticipates that the Bring the Kids Home initiatives will begin to slow the growth in these areas, the increase is necessary to support expected increases in utilization of outpatient services necessary to treat this population in their home communities.



- The total amount of federal funds available for SCHIP, at an enhanced FMAP rate, is capped. Once the allotment is exhausted, claims are reimbursed at the regular FMAP instead of the enhanced FMAP. In FY07 the Department expects its SCHIP costs to exceed the allotment by nearly \$10 million. Behavioral Health Medicaid accounts for about 35% of SCHIP expenditures. The difference in FMAP rates will increase Behavioral Health Medicaid's share of costs by \$761 thousand in general funds.
- Behavioral Health Medicaid will be working to improve the system for conducting utilization reviews of services, enhancing the current system used to prior authorize services and expanding the services requiring prior authorization to ensure that appropriate services are provided to certain high-cost clients.
- Transfer First Health Mental Health contractual authorization activities from Health Care Services to Behavioral Health Services.

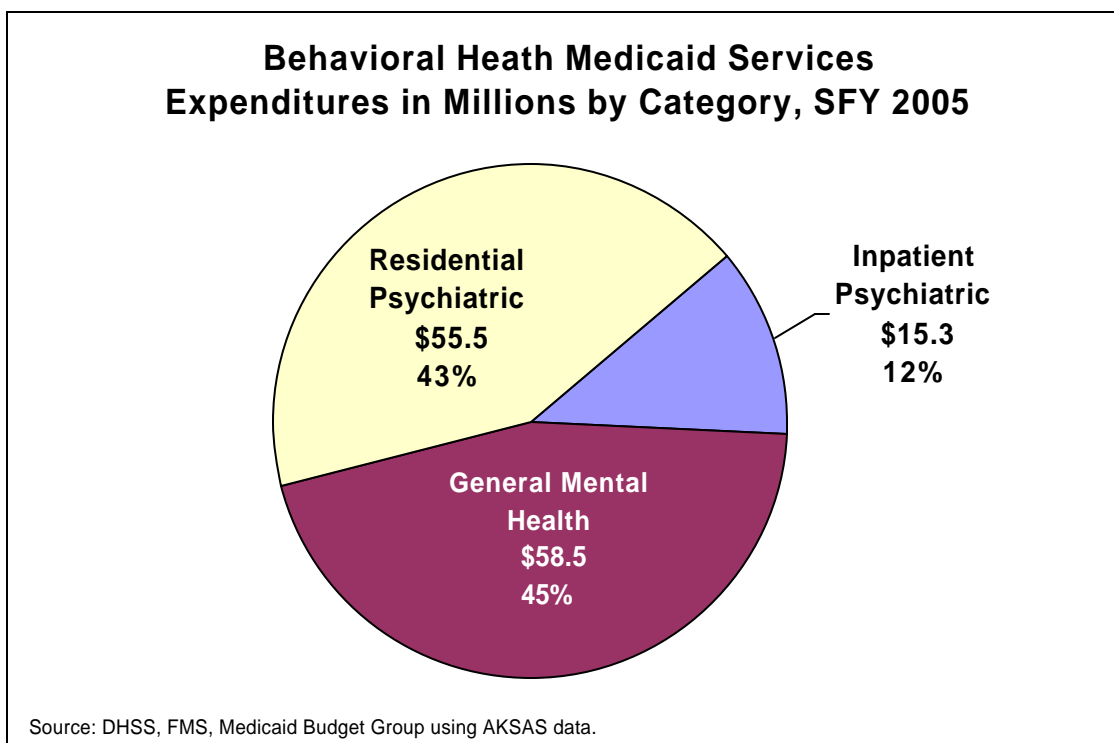
## Major Component Accomplishments in 2005

In FY05 Behavioral Health Medicaid provided services to more than 13,500 Alaskans, 10% of the 130,000 enrolled.

Behavioral Health regulations were revised to allow non-custody children to be served in Behavioral Rehabilitation Facilities.

Behavioral Health Medicaid costs grew 9% from FY04 to FY05. Growth is due to increases in the number of patients served, increases in the utilization of services, and increases in facility rates. The average monthly number of beneficiaries rose 6% while the cost-per-recipient rose 3%.

Most of the increase can be attributed to Residential Psychiatric Treatment Center services (RPTC) and Inpatient Psychiatric Hospital services provided to children. Residential Psychiatric Treatment Centers experienced a 14% increase from FY04 to FY05. Inpatient Psychiatric Hospitals grew slightly faster than RPTC, making it the fastest growing category of service in Behavioral Health Medicaid with a 15% increase from FY04 to FY05.



## Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons  
7 AAC 43 Medicaid

Social Security Act:  
Title XVIII Medicare  
Title XIX Medicaid  
Title XXI Children's Health Insurance Program

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### Behavioral Health Medicaid Services Component Financial Summary

*All dollars shown in thousands*

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	129,305.0	144,072.5	155,204.6
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>129,305.0</b>	<b>144,072.5</b>	<b>155,204.6</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	77,569.9	85,400.4	92,417.2
1003 General Fund Match	19,550.2	30,498.2	30,498.2
1004 General Fund Receipts	3,925.7	0.0	0.0
1037 General Fund / Mental Health	26,759.2	26,673.9	30,789.2
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	1,500.0	1,500.0	1,500.0
<b>Funding Totals</b>	<b>129,305.0</b>	<b>144,072.5</b>	<b>155,204.6</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	77,569.9	85,400.4	92,417.2
<b>Restricted Total</b>		<b>77,569.9</b>	<b>85,400.4</b>	<b>92,417.2</b>
<b>Total Estimated Revenues</b>		<b>77,569.9</b>	<b>85,400.4</b>	<b>92,417.2</b>

**Summary of Component Budget Changes  
From FY2006 Management Plan to FY2007 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2006 Management Plan</b>	<b>57,172.1</b>	<b>85,400.4</b>	<b>1,500.0</b>	<b>144,072.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer First Health Mental Health Contractual Authorization	400.0	1,200.0	0.0	1,600.0
-SCHIP Shortfall	761.2	-761.2	0.0	0.0
<b>Proposed budget increases:</b>				
-Projected FY07 Growth	2,954.1	6,578.0	0.0	9,532.1
<b>FY2007 Governor</b>	<b>61,287.4</b>	<b>92,417.2</b>	<b>1,500.0</b>	<b>155,204.6</b>